

Task Force on the Economic Future of Western Maryland

December 22, 2020; 10 AM

MEETING MINUTES

Task Force Members in Attendance:

- Senator George Edwards, *Co-Chair*
- Jody Sprinkle, *TEDCO*
- Cort Meinelschmidt, *Washington County Commissioner, MACO*
- Shelley McIntire, *Hagerstown City Council Member, MML*
- Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*
- Stu Czapski, *Economic Development Specialist, Cumberland Economic Development Corporation, Allegany County Chamber of Commerce*
- Paul Frey, *President and CEO, Washington County Chamber of Commerce*
- Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

- Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order

a. *Remarks by the Co-Chairs*

Senator Edwards welcomed task force members and the public to the meeting and noted that he believed the task force should be able to have preliminary recommendations together and approved by early January.

b. *Approval of prior meeting minutes*

The meeting minutes were approved with no objections.

II. Discussion of initial recommendations

- TF-1 through TF-6; TF-10:
 - Discussion of the potential Western Maryland Economic Future Investment Fund focused on a number of outstanding questions from previous meetings.
 - How much money should be allocated to the program?
 - Senator Edwards recommended that \$20 million be set aside each year. Al Delia agreed with this.

- How long should the pilot program extend for?
 - Senator Edwards suggested a pilot period of five years. Al Delia agreed with Senator Edwards.
- What percentage of funds should be matched by local jurisdictions?
 - Senator Edwards noted that in the previous meeting, discussion had moved towards a 20% match for infrastructure/capital-related projects and a 10% match for all other items. Senator Edwards suggested that this section not be written overly restrictive. Cort Meinelschmidt asked if the body should list out items that fall under the 10% match for other economic development options. Al Delia indicated that these match amounts made sense
- What types of projects will receive funding?
 - Cort Meinelschmidt recommended that a percentage or range be applied for some of the options. Cort Meinelschmidt noted that one large infrastructure spending project has the potential to use all or most of the funding, and this would leave limited funds for other important economic development projects. Senator Edwards said he believed the categories should be simple to allow fund managers to have more flexibility to make funding decisions. Al Delia agreed with Senator Edwards and said that prescribing percentages or ranges may not be effective. Al Delia noted that the local board should make decisions and said that if projects are targeted towards specific industry sectors, that might solve the issue with potential infrastructure projects. Senator Edwards suggested that infrastructure projects should be closely linked with economic development to qualify, but that the oversight board would be in the best position to know what would qualify as economic development. Cort Meinelschmidt suggested that the two names for the eligible categories be “economic development infrastructure projects” and “business development.” Jody Sprinkle suggested that each project should be consistent with the county’s existing economic development plan in order to be funded.
- What metrics should define if a project is eligible for funding?
 - Senator Edwards suggested job creation and retention should be included. Cort Meinelschmidt agreed and suggested businesses impacted and new tax revenue. Senator Edwards suggested that the final selection of metrics could be left to the oversight board, but that each county should prepare an annual report describing the county’s progress on each project and all relevant metrics. This report could go to the Maryland Department of Commerce.

- How should oversight of the program work?
 - Senator Edwards suggested that the oversight committee could be made up of three representatives from each county (one representative from tourism, one county commissioner, and one economic development representative) as well as one representative/chair from the Maryland Department of Commerce. This would allow for equal representation from each county and not allow the final approval projects to come from outside Western Maryland. Cort Meinelschmidt noted that the Revolving Loan Fund is part of the Tri County Council and already has established relationships with businesses. Cort Meinelschmidt suggested the chambers of commerce have a role in the oversight body. Senator Edwards agreed and suggested a representative from a county's chamber of commerce replace the proposed tourism representative. Cort Meinelschmidt agreed with this as well as with the Maryland Department of Commerce chairing the committee. Senator Edwards suggested that the Tri County Council could provide staff to the board since each county already provides staff to the Tri County Council. Senator Edwards noted that the oversight body would likely need some state-level administration and that the Department of Commerce may be the most appropriate agency for this. James Hinebaugh suggested that a legal representative of either the Department of Commerce or the Tri County Council sit in on meetings.
- Should the amount of funding per county be predetermined?
 - Senator Edwards suggested that amounts per county should not be predetermined, but that this decision should be left up to the oversight body.
- Should there be claw backs if projects do not succeed?
 - Al Delia suggested that clawbacks only apply to business development projects. For infrastructure, clawbacks should only occur if no work is completed. Cort Meinelschmidt agreed but believed that there should be latitude for a company's best effort. That is, a company should not have its grant clawed back if it attempts to meet its obligations. Senator Edwards asked Al Delia and Cort Meinelschmidt to send Michael Siers wording on clawbacks.
- Should the task force consider a short-term alternative program?
 - Members suggested that a short-term alternative should not be considered at this time.
- How should the tax credit in TF-10 work/fit in with the pilot program?
 - Al Delia suggested that the tax credit be targeted towards specific industries and that each county could set its own targets. Andrew Sargent noted that there are already tax credit programs in place

that cover most target industries. Senator Edwards suggested that this piece be put on hold for the time being.

- Should nonprofits qualify to receive funding?
 - Al Delia suggested that nonprofits should qualify since many nonprofits conduct economic development activities (e.g., incubators, universities attracting companies). Senator Edwards asked if this could be left to the discretion of the oversight board.
- TF-7 and TF-8:
 - Jody Sprinkle gave an overview of potential legislation that could support TF-7 and TF-8. Al Delia noted that language may be needed to explain how this is different from similar existing projects. Jody Sprinkle said she would develop some language on this.
- TF-9:
 - Mary Clapsaddle with Frostburg State noted that the top priority for Frostburg State with this recommendation would be for the veto on legislation from TF-9 be overridden. Once the veto is overridden programmatic changes could be discussed/finalized. Senator Edwards asked that Mary Clapsaddle develop proposed language that would alter the existing program and to send to Michael Siers.
- TF-11:
 - Senator Edwards stated that the body should recommend the idea of a public-private partnership, but not specify a specific park. Senator Edwards noted that this idea is different from potential discussions regarding the Rocky Gap Day Use Area as it would relate to an entire park. Cort Meinelschmidt suggested that the task force could recommend that the state vigorously pursue this idea.
- TF-12:
 - Jody Sprinkle said that she was not aware of similar bills being introduced at this time. Senator Edwards suggested that the Task Force recommend this be looked at and approved of.
- TF-13:
 - Jody Sprinkle said that there was no specific line item in the budget for this recommendation at this time. Senator Edwards asked if this recommendation could be expanded to include language where TEDCO receives a royalty on products developed by a company until the investment is paid back. Jody Sprinkle said she was unsure, as TEDCO would not want to inhibit a company's growth, but that she would put thought to it. Senator Edwards suggested that if language could be developed that it be sent to Michael Siers; otherwise the task force can add a recommendation supporting TF-13 broadly.

- TF-14:
 - Jody Sprinkle suggested that this recommendation not be included in the list of preliminary recommendations and that it instead be discussed in the spring. Senator Edwards agreed.
- TF-15:
 - Senator Edwards agreed with the need but noted difficulties in the task force drafting/proposing a bill on this. Senator Edwards suggested the task force draft a letter highlighting tourism's importance on the region and noting the body would appreciate consideration of incentive packages to help the industry recover. Cort Meinelschmidt agreed that the body should be supporting the tourism industry and noted the difficulties businesses may find in adjusting to changes in their UI rating due to no fault of their own. Cort Meinelschmidt said he would find what MACO, NFIB, and others are doing and send to Michael Siers.
- TF-16:
 - Stu Czapski noted that this is a major issue and should be expanded to include housing construction, not just rentals. Stu Czapski noted that the region does not have an abundance of turnkey housing, but instead has older housing in need on renovations/investment. Senator Edwards asked if this could fit under the pilot program. Cort Meinelschmidt noted that it may not qualify because once a house is built there would not be continued job creation.
- TF-17:
 - Cort Meinelschmidt suggested that the body draft a letter of support for this recommendation.
- TF-18:
 - Senator Edwards stated this recommendation could be included in a letter to the governor. Cort Meinelschmidt agreed that this was an important recommendation.
- TF-19:
 - Cort Meinelschmidt suggested that this be included with TF-1. Senator Edwards agreed.
- P-1:
 - Senator Edwards agreed with the recommendation and said he also supported asking the state to consider adding biomass to power new state facilities. Senator Edwards suggested that the task force draft a letter of support on this item and stressed the importance of the forestry industry in Western Maryland.
- P-2:
 - Senator Edwards noted that each county has their own trail advisory board and that it may be better to suggest that DNR, MDOT, and other agencies work with these bodies to identify promising trail system opportunities for advancement. Cort Meinelschmidt agreed that this is a

worthwhile project and provided background on delays to the project's implementation thus far. Chip Wood noted that some of the delays with the project could potentially be resolved relatively cheaply through grant funding and suggested the Maryland Department of Commerce be brought in on any discussions. Senator Edwards agreed with adding the Department of Commerce. Senator Edwards stated that he was concerned the recommendation may not be as effective if it singles out one project as opposed to taking a more regional approach and asking the state to fund priority projects. Cort Meinelschmidt agreed with this.

- Items from Garrett County were discussed and it was noted that the items generally constitute projects that would be funded by the pilot program in TF-1.

III. Next Steps

Senator Edwards asked Michael Siers to begin drafting a letter identifying the task force's recommendations to send to the governor. Michael Siers will also redefine the recommendations and condense them down. The next meeting will take place in the first full week of January.

IV. Closing Remarks/Adjournment

The meeting was adjourned.